

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

12 June 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Com-  
pany for compulsory pooling, Union  
County, New Mexico.

CASE  
8918 & 8920

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For Amoco Production:

Clyde A. Mote  
Attorney at Law  
Amoco Production Company  
Post Office Box 3092  
Houston, Texas 77253

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## I N D E X

STATEMENT BY MR. MOTE 4

TIMOTHY R. CUSTER

Direct Examination by Mr. Mote 5

STEPHEN P. SCHEFFLER

Direct Examination by Mr. Mote 28

## E X H I B I T S

Amoco Exhibit One, Area Map 7

Amoco Exhibit Two, Map 7

Amoco Exhibit Three, Breakdown 8

Amoco Exhibit Four, Packet 8

Amoco Exhibit Five, Packet 16

Amoco Exhibit Six, Packet 20

Amoco Exhibit Seven, Plat 23

Amoco Exhibit Eight, Breakdown 23

Amoco Exhibit Nine, Packet 24

Amoco Exhibit Ten, Well Cost Data 29

Amoco Exhibit Eleven, Well Cost Data 30

Amoco Exhibit Twelve, Recommendations 30

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. CATANACH: This hearing will come to order once more.

We'll call next Case 8918.

MR. TAYLOR: The application of Amoco Production Company for compulsory pooling, Union County, New Mexico.

MR. CATANACH: Are there appearances in this case?

MR. MOTE: Mr. Examiner, my name is Clyde Mote. I'm an attorney representing Amoco Production Company in association with Bill Carr of the law firm of Campbell and Black, Santa Fe.

We will have two witnesses. I would ask, though, that since the cases have similar facts and probably you can reach similar conclusions, that the Case 8920 also be called at this time and that they be consolidated for the purposes of testimony.

MR. CATANACH: At this time we'll call Case 8920.

MR. TAYLOR: The application of Amoco Production Company for compulsory pooling, Union County, New Mexico.

MR. CATANACH: At the request of the applicant Case Number 8918 and Case Number 8920 will

1 be consolidated for the purpose of testimony.

2 MR. MOTE: Mr. Examiner, this  
3 is the application of Amoco for compulsory pooling.

4 MR. TAYLOR: I was just  
5 inquiring, the witnesses have already been sworn.

6 MR. MOTE: This one hasn't.  
7 Why don't we go ahead and swear  
8 him.

9  
10 (Witness Timothy R. Custer sworn.)

11  
12 MR. MOTE: Mr. Examiner, this  
13 is the application of Amoco for compulsory pooling of all  
14 mineral interests in carbon dioxide only from the base of  
15 the Cimarron Anhydrite marker to the top of the PreCambrian  
16 Basement underlying Section 1, Township 19, Range 35 East,  
17 in Union County, forming a standard 640-acre pool, spacing  
18 and proration unit and for the compulsory pooling of all  
19 mineral interests in carbon dioxide only from the same  
20 interval underlying Section 13, Township 19 North, Range 34  
21 East, in Union County, forming another 640-acre pool, spac-  
22 ing and proration unit, docketed as Cause 8918 and 8920, re-  
23 spectively, which we have requested be consolidated for  
24 hearing purposes.

25 Well No. 011 in Gas Unit 1935

1 has already been drilled, completed, and producing in Sec-  
2 tion 1 and Well No. 131 in Gas Unit 1934 has already been  
3 drilled, completed and producing in Section 13.

4 The cost of drilling and com-  
5 pletion are the actual costs incurred, which should be allo-  
6 cated to the unleased interests as well as the actual  
7 operating costs and charges for supervision.

8 Amoco requests that it be  
9 designated operator and a 200 percent penalty be assessed  
10 for risks inherent in drilling and completing said wells.

11 We call as our first witness  
12 Tim Custer.

13  
14 TIMOTHY R. CUSTER,  
15 being called as a witness and being duly sworn upon his  
16 oath, testified as follows, to-wit:

17  
18 DIRECT EXAMINATION

19 BY MR. MOTE:

20 Q Mr. Custer, would you please state your  
21 name, by whom employed and in what capacity and location?

22 A Timonthy R. Custer. Amoco Production  
23 Company in Houston, Texas, and I am a petroleum landman.

24 Q And would you please relate to the exam-  
25 iner your educational experience?

1           A           I have a Bachelor's of business adminis-  
2    tration from the University of Texas at Austin in petroleum  
3    land management.

4           Q           All right, and when did you obtain that  
5    degree?

6           A           '84.

7           Q           And since that time you've been working  
8    for Amoco Production Company, is that correct?

9           A           Yes.

10          Q           And in what capacity have you been work-  
11    ing for Amoco?

12          A           As a landman.

13          Q           And are you familiar with the subject of  
14    this application?

15          A           I am.

16          Q           And are you familiar also with the wells  
17    that are involved and the compulsory pooling that has been  
18    requested?

19          A           Yes.

20          Q           And have you either prepared yourself or  
21    under your supervision and direction all of the exhibits  
22    which will be made a part of this case?

23          A           I have.

24                           MR. MOTE: Is there any ques-  
25    tion concerning Mr. Custer's qualifications as a landman?

1 MR. CATANACH: Mr. Custer is  
2 considered qualified.

3 Q If you would, please turn to your Exhibit  
4 Number One, Mr. Custer, and tell us what we have shown by  
5 this exhibit.

6 A This is a unit area map of the Bravo Dome  
7 Carbon Dioxide Gas Unit in Union, Harding, -- in parts of  
8 Union, Harding, and Quay County, New Mexico. It encompasses  
9 approximately 1,036,000 acres.

10 Highlighted in yellow are the two subject  
11 wells of this application.

12 Q All right, let's go to your Exhibit  
13 Number Two. What do you have shown by this exhibit?

14 A This is a blown-up map of Township 19  
15 North, Range 34 East, in the top portion, highlighting Sec-  
16 tion 13.

17 In the lower portion of the map is a  
18 blow-up of the Section 13, illustrating the mineral interest  
19 owners and their respective interests.

20 Highlighted on the very bottom portion of  
21 the map in the south half of the south half of Section 13  
22 are four individuals which are unleased at this point.

23 Q And who are those four persons?

24 A Cressed Card Volleau, Louise V. Murray,  
25 the heirs of Ellen Richards, and Miles Harriger.

1 Q And this is in connection with Docket  
2 8920 only, is that correct?

3 A Yes, sir.

4 Q All right, and this shows that in the en-  
5 tire section only the bottom 1/4th has unleased interests in  
6 it, is that correct?

7 A Yes, sir.

8 Q And that the well is shown on this as  
9 being in the north 1/4th of the section.

10 A That is correct.

11 Q All right, let's go to your Exhibit Num-  
12 ber Three. What is this exhibit?

13 A This is a breakdown of the ownership in  
14 Section 13 of 1934 in Union County. It's broken out by  
15 tract with acreage description, the mineral owners names,  
16 their gross acres, the interest they own, their net acres,  
17 and the status of their mineral interest.

18 Q This is in Case Number 8920 only, also,  
19 is that correct?

20 A Yes, sir.

21 Q All right, let's go to your Exhibit Num-  
22 ber Four. This is going to be a packet, is it not, dealing  
23 with your contacts or lack of contact as it may be, with one  
24 set of unleased mineral interest owners, is that correct?

25 A Yes, sir.

1           Q           That's the Cressed Card Volleau and Louise  
2 V. Murray interests.

3           A           That is correct.

4           Q           If you would get into this, state where  
5 did they acquire their title just quickly, from what source?

6           A           Okay. M. Belle Christy originally owned  
7 full mineral interest in the subject tract. She died, leav-  
8 ing a will, and which was probated in Warren County, Penn-  
9 sylvania.

10                       Her heirs to that will were five indivi-  
11 duals. They were all her sons and daughters. The names  
12 were Louise V. Card, Joseph B. Richards, Francis F. Rich-  
13 ards, and Ethel Harriger. Those names will come up over and  
14 over again with -- in relation to a number of these exhi-  
15 bits, but for this specific case we're dealing with Louise  
16 V. Card, who owned or inherited a 1/10th mineral interest  
17 from her mother's estate, Belle Christy.

18                       Louise V. Card in turn died and her will  
19 was probated in Warren County, Pennsylvania in 1953. The  
20 two heirs to Louise V. Card were Louise V. Murray, Cressed  
21 Card Volleau, her two daughters.

22           Q           All right, and if you would now turn to  
23 Exhibit Number Four and explain to the examiner shortly -- I  
24 mean as little detail as you can what's contained within  
25 this packet.

1           A           Okay.

2           Q           Now this packet deals only with Louise  
3 Murray and Cressed Volleau, is that correct?

4           A           Louise V. Murray and Cressed Card Vol-  
5 leau. That's correct.

6           Q           This is the interest emanating from  
7 Louise V. Card.

8           A           That is correct.

9           Q           Okay, go ahead.

10          A           The first or the top letter of Exhibit  
11 Number Four is a letter from one of the sub-brokers who  
12 works underneath -- beneath my supervision, whereby he is --  
13 sent this letter illustrating the way in which he determined  
14 the ownership of Louise V. Murray and Cressed Card Volleau  
15 and his subsequent efforts trying to locate these two indi-  
16 viduals.

17                    The first set of papers after the letter  
18 is the probate of Louise V. Card's will, listing two  
19 devisees, Louise V. Murray and Cressed Card Volleau as own-  
20 ing an equal interest in her 1/10th interest.

21                    The addresses for the two individuals,  
22 Louise V. Murray and Cressed Card Volleau, were Spring  
23 Creek, Pennsylvania, and Cleveland, Ohio, respectively.

24                    Because there was an address listed in  
25 the will in which they inherited this subject mineral inter-



1 they had possibly moved to California. He had also heard  
2 that Louise V. Murray had possibly passed away.

3                   Nevertheless, our attempt to locate  
4 Louise V. Murray in Spring Creek, Pennsylvania, at her last  
5 address was futile.

6                   In relation to Cressed Card Volleau, we  
7 also checked the telephone listing, directory assistance, in  
8 Cleveland, Ohio, which was futile.

9                   We -- he in turn talked to the same eight  
10 relatives that he had talked with in reference to Louise V.  
11 Murray. He learned from them that she had moved away some  
12 twenty years ago. He also talked with the ex-husband of  
13 Cressed Card Volleau, whose name is Paul Broderick, and they  
14 had also divorced. They had divorced in 1940, and Brod-  
15 erick, the ex-husband, had not heard from her in years and  
16 he also knew of no known address for her.

17                   Just as in the case of Louise V. Murray,  
18 the rumors through the grapevine were that she had died and  
19 that she'd moved to California.

20                   Q           Okay. Did you send a letter of option to  
21 these two parties?

22                   A           Yes, sir, we did. We felt that it would  
23 be a prudent effort since we did know or pursuant to the  
24 will in which they had inherited this property was listed an  
25 address, that it would be prudent on our behalf of go ahead

1 and send a letter of option to their last known address.

2 Q And that was done by letter of April  
3 28th, 1986, was it not?

4 A That's correct.

5 Q And it was addressed to Cressed Card Vol-  
6 leau at what address?

7 A At 890 East 137th Street in Cleveland,  
8 Ohio.

9 Q And what were the four options that you  
10 offered to Ms. Volleau?

11 A Okay. Option number one was that they --  
12 that she could grant Amoco an oil, gas, and mineral lease  
13 covering carbn dioxide for a bonus of \$20.00 a net acre,  
14 \$1.00 per acre delay rental, and a 3/16ths royalty upon exe-  
15 cution of the same; she would share in the royalties in that  
16 said section alone.

17 Option number two was that she could  
18 grant Amoco a lease with the same terms as in option number  
19 one with the exception that she could sign ratification  
20 which would make her a -- which would allow her to share in  
21 the royalties in the entire Bravo Dome Unit Area.

22 Option number three was that she could  
23 execute an operating agreement making her a working interest  
24 owner where she could pay the proportionate share of the  
25 costs of that well in that section in cash up front or out

1 of production, making her a (not understood clearly) working  
2 interest owner.

3                   Number four would be to execute a ratifi-  
4 cation agreement along with the Bravo Dome unit agreement  
5 and unit operating agreement, making her a working interest  
6 owner in the entire Bravo Dome Unit area.

7                   Q            Okay, and what happened to that -- by the  
8 way, that letter had a lot of attachments that you didn't  
9 attach. You do show an AFE but it had other attachments you  
10 didn't include, is that correct?

11                  A            That is correct.

12                  Q            And was that sent to her by certified  
13 mail?

14                  A            Yes, sir, it was.

15                  Q            When?

16                  A            It was mailed on May 7th of 1986 and it  
17 was returned to me as "no such address" and "return to sen-  
18 der" stamped by the Postal Service.

19                  Q            Okay, and your next correspondence is  
20 with the same party at the same address by a May 14, 1986  
21 letter, advising her of this hearing, is that correct?

22                  A            That is correct.

23                  Q            And did that also have the same fate?

24                  A            Yes, sir, it was also sent out certified  
25 mail, return receipt requested, and it was also returned the

1 sender that it was -- there was no deliverable address.

2 Q When was it mailed?

3 A It was mailed on May 16th of 1986.

4 Q All right. The next letter appearing in  
5 your packet is to Louise V. Murray at RD 1, Spring Creek,  
6 Pennsylvania. Is that the last known address of Ms. Murray?

7 A Yes, sir, it is.

8 Q And this -- this is by letter dated April  
9 28th, 1986, correct?

10 A That is correct.

11 Q And were the same four options offered to  
12 Ms. Murray?

13 A That is correct.

14 Q Why the -- where did you get that last  
15 known address?

16 A From the will of Louise V. Card.

17 Q Okay, and that also has attached an AFE  
18 to it as well.

19 A That is correct.

20 Q And when was that mailed to her?

21 A That was mailed on April -- let me double  
22 check here -- May 7th of 1986.

23 Q And what happened to it when the certi-  
24 fied mail receipt was returned?

25 A It was sent "return to the sender. Un-

1 claimed. Refused. Address unknown."

2 Q Okay, your next letter appearing in this  
3 packet is to Louise V. Murray and I believe this is notice  
4 of the hearing, correct?

5 A That is correct.

6 Q Dated May 14th, 1986?

7 A Yes, sir.

8 Q When was that sent?

9 A That was sent May 16th of 1986, certified  
10 mail, return receipt requested.

11 Q And was it received by her or what do you  
12 know, what happened to it?

13 A That was also undeliverable.

14 Q Okay. All right, let's go on to the next  
15 packet of material. This is what we call Exhibit Number  
16 Five and it deals with the Joseph G. Richards, deceased, es-  
17 tate, which was also a 1/10th mineral interest out of the M.  
18 Belle Christy Estate, is that correct?

19 A That's correct.

20 Q And sort of give a brief description of  
21 how this thing emanated from M. Belle Christy.

22 A Okay. Joseph G. Richards was one of the  
23 brothers and sisters who inherited from the estate of M.  
24 Belle Christy. She left the names of the brothers and sis-  
25 ters in her will which was probated in Warren County, Penn-

1 sylvania.

2                   Joseph G. Richards, and the first letter  
3 numbered Exhibit Number Five, is a letter from the broker,  
4 Steve Jordan, who traced this ownership and in the letter  
5 also explains his efforts in trying to locate the owners,  
6 with a little explanation also attached is the -- well,  
7 first of all, Joseph G. Richards died intestate and he --  
8 therefore leaving no probate or will, and under the laws of  
9 New Mexico intestate, we determined that there were no  
10 children in that -- in that family and his only heir was his  
11 wife Ellen J. Richards.

12                   So his title passed to Ellen Richards,  
13 his 1/10th mineral interest.

14                   In turn, five months later, Ellen Rich-  
15 ards also died, November 23rd of 1949. She also died intes-  
16 tate; however, there were estate documents filed in Warren  
17 County, Pennsylvania referring to her estate, and I might  
18 call your attention to what will be the fifth page of Exhi-  
19 bit Number Five, which lists -- well, it states that this  
20 documentation is in the estate of Ellen J. Richards, de-  
21 ceased, and directly beneath that it states that she left  
22 her surviving no husband or issue or parents of the County  
23 of Warren -- excuse me, that she left her surviving no hus-  
24 band or issue or parents or brothers or sisters and as her  
25 only known next of kin certain cousins as follows, and it

1 lists fifteen cousins, the degree of kinship is not ex-  
2 plained.

3 Out beside the name of the individual is  
4 just the city and state in which they resided at this point  
5 in time.

6 I might further add that in our effort to  
7 attempt these fifteen cousins of Ellen J. Richards, we  
8 called directory assistance in each one of the cities and  
9 respective states for each one of the individuals and of all  
10 fifteen cousins, or all fifteen individuals listed, we only  
11 got one positive response and that was the John Robert Jack-  
12 son who is now Reverend John Robert Jackson.

13 Steve Jordan, the broker, under my super-  
14 vision, contacted Mr. Jackson, or the Reverend Jackson, in  
15 an effort to have him shed a little light on the fourteen  
16 cousins.

17 He was not aware of their whereabouts and  
18 did not know most of them; however, he had heard that some  
19 of them, some of the names he was familiar with, they had  
20 all passed away and he was not aware of any of their where-  
21 abouts.

22 Additionally, since these individuals  
23 were heirs to Ellen J. Richards we figured that since all of  
24 the subject people of this application were heirs of M.  
25 Belle Christy one way or another, that we should go back and

1 try and contact our leased mineral interest owners. We con-  
2 tacted eight different people, including the heirs of the  
3 brothers and sisters, or brother-in-laws and sister-in-laws  
4 of Ellen J. Richards, and none of them were aware of any of  
5 the fourteen individuals which we attempted to locate.

6 Q So out of all of those that you ran down  
7 from the Joseph G. Richards Estate the only one that you  
8 could find alive was a guy by the name of Reverend John  
9 Robert Jackson.

10 A That is correct.

11 Q And you got an address on him in Lock-  
12 port, New York.

13 A Yes, sir.

14 Q And did you then send him a letter giving  
15 notice of this hearing?

16 A I did.

17 Q Why didn't you send him an application or  
18 ask him to join in the pooling operation?

19 A Well, basically, the main reason is, or  
20 the only reason is because of the way the inheritance was  
21 stated in Ellen J. Richards Estate documents. It listed  
22 just the fifteen cousins with no degree of kinship; there-  
23 fore we were unable to determine their respective -- any of  
24 those fifteen individuals respective interests.

25 Q Okay, and so you sent a letter on May

1 14th, 1986, at 515 Locust Street, Apartment H-3 in Lockport,  
2 New York, 14094, and you included a copy of the application  
3 for this hearing and you sent it by certified mail. Cor-  
4 rect?

5 A Yes, sir.

6 Q And you sent it on May 16th and he re-  
7 ceived it on May 21st, is that correct?

8 A That is correct. He did sign for it.

9 Q All right. Have you had any response to  
10 date from him on that?

11 A No, sir, we have not.

12 Q Okay. Let's go on to packet number six,  
13 Exhibit Number Six, which deals with the third leg of the  
14 five people that inherited from the M. Belle Christy Estate,  
15 a woman by the name of Ethel Harriger.

16 If you would, please relate how this in-  
17 terest has been -- how you've attempted to find the relation  
18 and proper address for this interest.

19 A Okay. First of all, Ethel Harriger was  
20 listed in M. Belle Christy's Estate as being one of the five  
21 brothers and sisters; therefore we had 1/10th mineral inter-  
22 est passed into Ethel Harriger.

23 We made an attempt to locate Ethel Harri-  
24 ger only to learn that she had passed away. We, or the  
25 broker, Steve Jordan, was able to get a copy of a holo-

1 graphic will was not probated, entered into the county (not  
2 understood.) Therefore, due -- since the holographic will  
3 was never probated under the laws of distribution or I  
4 should say for the State of New Mexico's statute on  
5 intestacy (sic), we determined that when Ethel Harriger died  
6 she was a widow and she only had two sons. The sons were  
7 Robert and Miles Harriger and we were able to contact both  
8 Robert and Miles. We have addresses for both of them.

9 Robert, who owns half the interest of her  
10 1/10th mineral interest, being 1/20th, has leased to Amoco  
11 Production Company.

12 Miles Harriger was contacted by phone and  
13 stated that he was not interested in leasing; therefore we  
14 thought it was prudent to send him a letter of options ask-  
15 ing him to join or lease to Amoco.

16 Q So you did that?

17 A Yes, sir.

18 Q And that was contained within your letter  
19 of August 22nd, 1985?

20 A That is correct.

21 Q And you gave -- offered to him the same  
22 four options that you previously stated you offered to the  
23 other heirs?

24 A That is correct.

25 Q And it contained an AFE on the back of

1 it.

2 A Yes, sir.

3 Q And shows by certified mail to have been  
4 sent to him on September 5th, '85, and received by him on  
5 September 7th, '85?

6 A Yes, sir.

7 Q Then later on you sent him notice of this  
8 hearing, did you not?

9 A Yes, sir, we did.

10 Q And you sent this notice of hearing to  
11 the same address, did you not?

12 A Yes, sir.

13 Q And dated May 14th, 1986, telling him  
14 about the hearing we're having today, and you mailed that to  
15 him by certified mail on May 16th?

16 A Yes, sir, that's correct.

17 Q And it was received by him on May 19th,  
18 1986.

19 A Yes, sir.

20 Q And from what you've been able to ascer-  
21 tain, whether or not the holographic will was valid or  
22 whether it was not, probably the same two people would have  
23 been involved in inheriting that estate, is that correct?

24 A Yes, sir, that is true.

25 Q Now so far the Exhibits One through Six,

1 inclusive, have dealt only with Section 13 in Case Number  
2 8920, is that correct?

3 A That is correct.

4 Q While the following Exhibits Seven to  
5 Nine, inclusive, deal only with Section 1 in Docket 8918, is  
6 that correct?

7 A Yes, sir.

8 Q All right, let's go to your Exhibit Num-  
9 ber Seven and tell us what is shown on this exhibit.

10 A Okay. Exhibit Number Seven is a blown-up  
11 plat of the Township 19 North, 35 East, with Section 1 high-  
12 lighted, and the lower portion of the map is a blow-up of  
13 that specific Section 1 broken up by tracts, listing the  
14 mineral owners and their respective interests.

15 Q Okay, go on to your Exhibit Number Two.  
16 What's this?

17 A Exhibit Number Two --

18 Q Excuse me, Exhibit Number Eight. Excuse  
19 me.

20 A Exhibit Number Eight is a breakdown of  
21 ownership by -- for Section 1, by tract, and it lists ac-  
22 reage description, the mineral owner, the gross acres, their  
23 interest owned, the net acres, and the status of the mineral  
24 interest.

25 Q All right, and it looks like two unleased

1 interests, John Halford Lowry and Violet Krolle, is that  
2 right?

3 A That is correct.

4 Q All right, and then you've got your Exhi-  
5 bit Number Nine, which is a packet dealing with the Estate  
6 of Elsie Talbot (sic), is that correct?

7 A That is correct.

8 Q And if you would, just briefly state what  
9 happened to the -- she at one time apparently owned all the  
10 minerals and then conveyed out of a -- 3/4ths of the miner-  
11 als to someone who has leased to Amoco?

12 A That is correct.

13 Q But then the other 1/4th, she died and  
14 left that by will to three parties.

15 Would you pick it up from there and go  
16 ahead with what you have in the packet pertaining to that  
17 interest?

18 A Yes, pursuant to the will and codicil,  
19 which was probated in Los Angeles, I believe, Elsie Talbot  
20 left three heirs, Violet Krolle, John Halford Lowry, and  
21 Jean Getz. Each of them were to share equally in her estate  
22 and since she (not clearly understood) of a quarter mineral  
23 interest at the time of her death, each of them have a 1/12th  
24 mineral interest.

25 Further, we were able to locate a Jean

1 Getz pursuant to the address that was listed in the will and  
2 we leased, or Jean Getz, who owns the 1/12th mineral inter-  
3 est, leased to Amoco Production Company, with the signatory  
4 Paul Carmelo to that lease.

5 In an attempt to locate the other two in-  
6 dividuals, Violet Krolle and John Halford Lowry, we had the  
7 address listed in the will and we had contacted the direc-  
8 tory assistance for Pasadena, California, and Los Angeles,  
9 California, trying to get information for a telephone number  
10 of these people and there was no address nor telephone num-  
11 ber for either individual.

12 We thought that it would be prudent,  
13 since Paul Carmelo, who is a lessor of Amoco and also inher-  
14 ited under this will and codicil, that since he was under  
15 the same will, that we contact him and Jean Getz to shed a  
16 little light on Violet Krolle and John Halford Lowry.

17 Paul Carmelo was kind enough to drive to  
18 the last known addresses of the two individuals and he said  
19 that there was a commercial structure, commercial building  
20 at the address now and he also made an attempt to get back  
21 in touch with a number of old friends of Jean Getz and none  
22 of them knew the whereabouts of Violet Krolle or John Hal-  
23 ford Lowry.

24 Q So you then wrote a letter of option, did  
25 you not, to Mr. John Halford Lowry?

- 1           A           That is correct.
- 2           Q           At his last known address, which is 315  
3 South Wilson Avenue, Pasadena 5, California.
- 4           A           That is correct.
- 5           Q           It is an option letter dated May 5th,  
6 1986, in which you gave him the same four options you've  
7 given everyone else in this -- in this forced pooling ac-  
8 tion, is that correct?
- 9           A           Yes.
- 10          Q           And that, when was that mailed to him?
- 11          A           That was mailed on May 7th, 1986.
- 12          Q           And was it returned undelivered?
- 13          A           Yes, sir, it was.
- 14          Q           What was the reason?
- 15          A           Let's see here. No such street number.
- 16          Q           Okay. Then you sent him by letter of May  
17 14th, 1986, at the same address you sent him a notice of  
18 this hearing, is that correct?
- 19          A           Yes, sir.
- 20          Q           And you sent it by certified mail?
- 21          A           That is correct.
- 22          Q           Dated May 16th, 1986. I mean that was  
23 when it was mailed, was --
- 24          A           Yes.
- 25          Q           -- it not?

1 A Yes, sir.

2 Q Was it also returned as was the letter  
3 option?

4 A Yes, sir, it was.

5 Q Okay. Now, with regard to Violet Krolle,  
6 the other interest owner and devisee of Elsie Talbot, by  
7 letter of May 5th, 1986 you sent her the option letter with  
8 the four options in it, did you not?

9 A Yes, sir.

10 Q And it was sent by certified mail on May  
11 7th, '86 and delivered on May 10th, '86, is that correct?

12 A Yes, sir.

13 Q And then you also sent her at the same  
14 address a notice of this hearing.

15 A That is correct.

16 Q By certified mail, and that was -- I  
17 can't read on mine, when was the letter mailed?

18 A The letter was mailed May 16th, 1986.

19 Q And it was returned on May 27th, '86?

20 A Yes.

21 Q Okay. Undelivered.

22 A Yes, it was May 19th of '86. The second  
23 notice was May 27th of '86 and following return 6-4 of '86.

24 Q Okay. Do you believe a good faith, dili-  
25 gent effort has been made to find the correct addresses for

1 Violet Krolle and John Halford Lowry?

2 A Yes, sir, I do.

3 Q And do you believe that -- that a good  
4 faith and diligent effort has been made to find all of the  
5 parties whom you think may own an interest in any of the  
6 properties subject to either of the applications which are  
7 before this Commission in a consolidation now?

8 A Yes, I do.

9 Q All right.

10 MR. MOTE: I will offer Exhi-  
11 bits One through Nine into evidence and tender the witness  
12 for examination.

13 MR. CATANACH: Exhibits One  
14 through Nine will be admitted into evidence, and I have no  
15 questions of the witness.

16 MR. MOTE: Okay, we will next  
17 call Mr. Scheffler.

18  
19 STEPHEN P. SCHEFFLER,  
20 being called as a witness and being previously sworn upon  
21 his oath, testified as follows, to-wit:

22  
23 DIRECT EXAMINATION

24 BY MR. MOTE:

25 Q Please state your name, by whom employed,

1 in what capacity and location?

2 A Stephen Paul Scheffler. I'm employed by  
3 Amoco Production Company as a Senior Staff Petroleum  
4 Engineer.

5 Q And have you already testified today in  
6 other proceedings before this Commission?

7 A Yes, sir.

8 Q All right. You'll be asked to testify  
9 concerning certain exhibits. Were these exhibits either  
10 prepared by you or under your supervision and direction?

11 A Yes, sir, they were prepared by me.

12 Q Okay, turn to your Exhibit Number Ten and  
13 explain to the examiner what's shown by this exhibit.

14 A Exhibit Number Ten is an actual well cost  
15 data sheet for Bravo Dome Carbon Dioxide Gas Unit 1934-131-  
16 B. On this well cost data sheet I've detailed specific  
17 costs attributable to the well during drilling and comple-  
18 tion. I've shown the total cost at the bottom of this exhi-  
19 bit, that cost being \$230,720.

20 Q Do you consider that to be reasonable in  
21 this area at this time?

22 A Yes, sir.

23 Q And when was this well completed?

24 A This well was completed in February of  
25 1981.

1           Q           All right, let's go to Exhibit Number Ten  
2 -- Eleven, excuse me. What's shown by this exhibit?

3           A           This again is an actual well cost data  
4 sheet for Well 1935-011-K, Bravo Dome Carbon Dioxide Gas  
5 Unit well. I've shown on this exhibit again a detailed  
6 breakout of actual costs attributable to the drilling and  
7 completion of the well.

8                       At the bottom of the exhibit is the ac-  
9 tual cost of the well, which is \$306,000 -- \$306,280.

10          Q           This is a well that was completed in  
11 Docket Number 8918, is that correct?

12          A           Yes, sir.

13          Q           And do you consider the costs expressed  
14 on this exhibit to be reasonable at the time that this well  
15 was drilled and completed?

16          A           Yes, sir.

17          Q           And when was this well completed?

18          A           This was a well also that was completed  
19 in 1981. The date was July of 1981.

20          Q           All right, let's turn to your Exhibit  
21 Number -- wait a minute.

22                       Okay, would you please turn to your Ex-  
23 hibit Number Twelve and tell us what is shown by this exhi-  
24 bit?

25          A           Yes, sir, these are recommended provisions

1 that we are making with regard to the wells in section -- or  
2 to the sections -- documented interests in Section 13 of 19  
3 North, 34 East, and Section 1 of 19 North, 35 East.

4 I've identified six provisions here, the  
5 first of which is that the (not understood) share of the ac-  
6 tual well cost attributable to the nonconsenting working in-  
7 terest owner be withheld from production.

8 Secondly, that the risk charge involved  
9 in drilling the wells that we've reviewed here be 200 per-  
10 cent of the pro rata share of the actual well costs  
11 attributable to the nonconsenting working interest owner;  
12 that the fixed charges that are reasonable for supervision  
13 be \$4700 per month while drilling per well and \$470 per  
14 month while producing per well; that the pro rate share of  
15 expenditures for operating the well attributable to the non-  
16 consenting working interest owner be withheld from produc-  
17 tion and that any unsevered mineral interests shall be con-  
18 sidered a 7/8ths working interest and a 1/8th royalty in-  
19 terest for the purpose of allocating costs and charges, and  
20 that any well costs or charges which are to be paid out of  
21 production shall be withheld only from the working interest  
22 share and no costs or charges shall be withheld from produc-  
23 tion attributable to royalty interest.

24 Q And regardless of when these wells were  
25 drilled and regardless of when they went on production, is

1 Amoco's intent to pay the interests pooled by this proceed  
2 ing since first run?

3 A Yes, sir, that's Amoco's intent.

4 Q And it would be to each separate, dis-  
5 crete section.

6 A That's correct.

7 Q With the interest in that section and  
8 that section alone being entitled to production from those  
9 wells that are force pooled by this action.

10 A Yes, sir.

11 Q As to the royalty interest, that amount  
12 of money from first production will be paid without deduc-  
13 tion but as to working interest it will be paid after deduc-  
14 tion of authorized drilling and risk charge as to the work-  
15 ing interest.

16 A Yes, sir.

17 Q All right, in your opinion, Mr. Schef-  
18 fler, will the granting of this application avoid the drill-  
19 ling of unnecessary wells, protect correlative rights, and  
20 prevent waste?

21 A Yes, sir, it will.

22 Q In your opinion are the terms and condi-  
23 tions which Amoco has proposed for the pooling of acreage in  
24 each section just and reasonable?

25 A Yes.

1           Q           Are you asking the Division to pool only  
2 the CO2 rights in the Tubb formation in each of the sec-  
3 tions?

4           A           Yes, sir.

5           Q           All right, in your opinion will the terms  
6 and conditions, if implemented by a compulsory order, afford  
7 the owners of each section the opportunity to recover or re-  
8 ceive without unnecessary expense his just and fair share of  
9 the CO2 in the Tubb formation under each section?

10          A           Yes, sir.

11          Q           Are you familiar with the notice provi-  
12 sions of NMOCD Rule 1207?

13          A           Yes, sir.

14          Q           In your opinion have the notice provi-  
15 sions of Rule 1207 been complied with?

16          A           Yes.

17          Q           In your opinion has a good faith, dili-  
18 gent effort be conducted to find the correct addresses of  
19 all persons entitled to receive notice and that notice was  
20 given at that correct address as provided by Rule 1207?

21          A           Yes, sir.

22          Q           Are you asking the Division to pool all  
23 of the mineral interests in the CO2 rights in the Tubb for-  
24 mation in each of the sections subject to the application in  
25 -- with this consolidated hearing?

1                   A                   Yes, sir.

2   MR. MOTE:    We offer Exhibits  
3 whatever they were, Ten, Eleven, and Twelve into evidence,  
4 and that completes our case, Mr. Examiner.

5   MR. CATANACH: Exhibits Ten,  
6 Eleven, and Twelve will be admitted into evidence.

7   I have no further questions of  
8 the witness. He may be excused.

9   There being nothing further in  
10 Case 8918 and 8920, they will be taken under advisement.

11

12   (Hearing concluded.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY the foregoing Transcript of Hearing before the Oil  
Conservation Division (Commission) was reported by me; that  
the said transcript is a full, true, and correct record of  
the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 8918, 8920  
heard by me on June 12, 1984.

Derrick R. Caton, Examiner  
Oil Conservation Division